



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.



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USE TAX APPLIED TO MANUFACTURER'S USE OF GOVERNMENT-OWNED TOOLING

Issued July 31, 1974

Does the use tax apply to a manufacturer's use of government-owned tooling in the performance of a government contract?

Published Rule 178 states that the use tax applies, with certain exemptions, to

. . . the use within this state as a consumer of any article of tangible personal property purchased at retail or acquired by lease, gift, or bailment, or extracted, produced or manufactured by the person so using the same, where the user, donor or bailor has not paid retail sales tax. . . .

Published Rule 136 states that

Manufacturers are taxable under the use tax upon the use of articles manufactured by them for their own use in this state.

The Department has held that the use tax applies to the use by a manufacturer of tooling in performing a government contract, irrespective of the fact that the government is the actual owner of the tooling. See United States v. Boyd, 378 U.S. 39, 84 S. Ct. 1518, 12 L. Ed. 2d 713.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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